



U.S. Department of Justice

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ROCKFORD REAL ESTATE AGENT CHARGED WITH MORTGAGE FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; and BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”), today made the following announcement:

A federal grand jury in Rockford today returned a 10-count indictment charging Rockford real estate agent **RAYMOND S. TALAN**, 41, Caledonia, Illinois, with mortgage fraud. Specifically, the indictment alleges that Talan conducted a scheme to defraud commercial lenders and HUD by causing unqualified loan applicants to receive commercial and Federal Housing Administration (“FHA”) insured loans.

According to the indictment, to be eligible to receive an FHA insured loan, a borrower must: (1) have sufficient income to make their mortgage payments; (2) have satisfactory credit standing, including timely payment of their prior rental obligations; and (3) invest 3% equity into the house they are purchasing. The indictment further alleges that commercial lenders often impose similar requirements for borrowers who obtain conventional loans, including requirements that the borrowers have sufficient income to make their mortgage payments and invest a certain percentage of equity in the houses they are purchasing.

The indictment alleges that from June 2002, through approximately March 2004, Talan caused numerous documents to be falsified in order to get his loan customers qualified to receive both FHA-insured loans and conventional loans. Specifically, the indictment charges that Talan created fraudulent “Verifications of Employment” forms, false pay-stubs, and fictitious IRS Forms W-2. These fraudulent employment documents, the indictment alleges, falsely stated that Talan’s real estate customers were employed at certain businesses, including businesses that Talan and his family members owned or were connected with. The indictment further charges that Talan also caused fraudulent “Verification of Rent” forms to be prepared for some of this customers. In addition, the indictment alleges that Talan caused fraudulent cashier’s checks to be created in order to mislead HUD and the private lenders into believing that his customers had invested a certain percentage of their own funds in the houses they were purchasing. According to the indictment, the fraudulent documents that Talan created and caused to be created were placed in the loan files that were sent to HUD and the private lenders.

The indictment alleges that the Talan conducted the fraud scheme in order to increase the amount of commissions he earned on real estate sales. According to the indictment, this scheme has placed HUD and the private lenders at risk of losing more than \$200,000.

Talan is charged with two counts of interstate carrier fraud, five counts of wire fraud involving a financial institution, and three counts of making false statements in the jurisdiction of a federal agency. Each charge of wire fraud involving a financial institution carries a maximum penalty of up to 30 years imprisonment and a fine of up to \$1,000,000. Each charge of interstate carrier fraud carries a maximum penalty of up to 20 years of imprisonment and a fine of up to \$250,000. Each charge of making a false statement within the jurisdiction of a federal agency carries a maximum sentence of five years of imprisonment and a fine of up to \$250,000. If convicted, Talan's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

Talan will be arraigned by United States Magistrate Judge P. Michael Mahoney on Monday, July 9, 2007, at 11:45 a.m., at the federal courthouse in Rockford.

The case is being investigated by the Rockford office of the FBI and the Chicago office of HUD-OIG. The case will be prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

Members of the public are reminded that an indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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